

Washington State Homeland Security Section

Information Bulletin

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Subject: Washington State Equipment Control Handbook for FEMA / DHS Federal Grant Programs

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Approved:


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I. INTRODUCTION

The Homeland Security Section of Washington State Emergency Management (EMD) is providing this Information Bulletin to assist local governments, state agencies, and tribes in understanding federal and state requirements regarding equipment management for grant funded expenditures.

This Information Bulletin describes responsibilities and authority in the management of federally funded equipment and includes detailed information about particular property management procedures and issues. This Information Bulletin sets forth minimum requirements established by the Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA) per Public Laws, Catalog of Federal Regulations, and federal grant program guidance. FEMA Region X, EMD and sub-grantees have the authority to establish additional controls.

Maintaining accountability for federally funded equipment is one of the most important responsibilities of sub-grantees. Effective equipment control on an on-going basis is the best way for sub-grantees to fulfill their duty to account for federally funded equipment they use or control and for which they have an obligation to protect.

II. EQUIPMENT CONTROL MANAGEMENT

2-1. Overview

Washington State's Constitution provides for local political autonomy. Additionally, emergency management credo is all disasters start and end locally. In Washington State, EMD passes through Homeland Security Grants to the nine Regional Leads, who in turn, pass through these funds to local entities like county, city, special purpose districts and tribal governments. Every entity underneath EMD in this hierarchy is called a sub-grantee.

Local sub-grantees retain the authority for directing all equipment transactions and for maintaining accurate records of all federally funded equipment. The WA State Emergency Management Division (EMD) retains authority for ensuring the allowability of grant funded equipment purchases per the Authorized Equipment List (AEL) maintained by the Responder Knowledge Database (www.rkb.us) and to enforce statewide interoperability criteria.

This handbook, along with the Code of Regulation (CFR) 44 Part 13, Office of Management and Budget (OMB) circulars, and state regulations are the major tools used by EMD to implement its management responsibility with respect to equipment control management.

2-2. EMD Responsibilities

EMD implements the federally funded equipment control management program. Specific responsibilities include:

- Seeking clarifications on equipment issues from FEMA / DHS on behalf of the state and sub-grantees;
- Developing policies and procedures;
- Tracking Equipment Approval Request (EAR) records;
- Providing data and technical assistance to the sub-grantees;

- Monitoring EAR records, equipment transfers, equipment disposition and physical inventories, and audit finding resolutions.

2-3. Sub-grantee Responsibilities

The duties of a sub-grantee vary depending upon the local government, but in general they include:

- Managing equipment purchased with federal grant funds per 44 CFR Part 13 and its WMD contract.
- Requesting equipment approvals from the Committee on Homeland Security, Equipment Subcommittee;
- Completing transactions when equipment is purchased, loaned, borrowed, transferred or disposed;
- Adhering to all state and local procurement and inventory management rules;
- Completing a biennial physical inventory of all equipment in their designated area;
- Implementing safeguards to prevent loss, damage or theft of equipment;
- Implementing equipment maintenance procedures.

EMD can assist sub-grantees to understand the specific requirements of a particular procedure, however sub-grantees may have additional requirements above the minimums set by EMD, and therefore sub-grantees should work through their local government.

2-4. Property Identification

A property decal is required when practicable to be placed where it can be easily seen and that a property decal placement be uniform for ease in locating and reading, regardless of the property's location or placement. At minimum, when practicable, any equipment purchased with federal grant funding shall be prominently marked as follows: "*Purchased with funds provided by the U.S. Department of Homeland Security*".

The assignment of a property decal is the responsibility of the local sub-grantee and questions about whether a property decal should be used to mark the property should be directed to EMD. Where necessary, EMD may direct that a property decal be relocated or replaced.

2-5. Property Inventory Code Elements

Sub-grantees shall maintain equipment records that include:

- a description of the equipment;
- the manufacturer's serial number, model number, or other identification number;
- the source of the equipment (program name and award number), including the Catalogue of Federal Domestic Assistance (CFDA) number;
- who holds title;
- the acquisition date;
- the cost of the equipment and the percentage of Federal participation in the cost;

- the location, use and condition of the equipment at the date the information was reported; and
- disposition data including the date of disposal and its sale price.
- Further, FEMA Region X requires the property's condition code (excellent, usable, repairable, salvage, or scrap) be included on the equipment records.

2-6. Property Biennial Inventory

Federal guidelines require conducting a physical equipment inventory and reconciling the results at least every two years. Sub-grantees determine their inventory control systems and inventory schedules. Information to be verified during an inventory includes description of the equipment, serial number, who holds title, the acquisition date, cost of the property, percentage of federal participation in the cost of the equipment, the location, use and condition of the equipment, and any disposition data including the date of disposal.

Lost-Stolen-Damaged reports should be prepared for any items that can not be located and resolved by the sub-grantee.

2-7. Property Records Retention

Records for equipment shall be retained by the sub-grantee for a period of six years from the date of the disposition, replacement or transfer of the equipment or until all litigations, claims, or audit findings involving the records have been resolved.

2-8. Property / Equipment Definition

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5000.

III. EQUIPMENT ACQUISITION

3-1. Overview

Tracking equipment purchased with federal grant funds begins with its input into the sub-grantee's inventory system. The data in the inventory system must track the item from acquisition through disposition.

3-2. New Equipment

Equipment management and inventory control procedures should begin when a new, used or surplus item is purchased or acquired and inputted into the sub-grantee's inventory system.

3-3. Trade-ins

Sub-grantees may replace or upgrade equipment as a trade-in to offset the cost of purchasing a like item. Trade-ins are required to be pre-approved in writing and will be approved only when EMD has determined that the trade-in is in the best interests of the State and is not supplanting local responsibilities.

A proposed trade-in is initiated by memorandum from the sub-grantee, through EMD, to DHS / FEMA for review and approval. The memo must include:

1. Equipment description including serial number(s);
2. Equipment condition and current estimated value;
3. Statement of need and significant program impacts (if any) should the trade-in be denied;
4. Description of new equipment desired, including proposed method of purchase, estimated purchase price, and estimated trade-in allowance.

IV. INVENTORY REDUCTION

4-1. Overview

Tracking equipment purchased with federal grant funds begins with its input into the local's inventory system but ends with its disposition and consequential records retention.

4-2. Lost-Stolen-Damaged Equipment

An item which is lost, stolen, damaged or destroyed must be recorded by the sub-grantee in their inventory system. Suspected theft of equipment or supplies should be reported immediately to the appropriate law enforcement agency. Any law enforcement report should be included in the inventory records.

Sub-grantees have the authority to establish the degree of responsibility and liability, as well as appropriate punitive measures for negligence or misuse of federally funded equipment by an employee or individual.

Employees and individuals should be advised of any liability they might incur due to their custody of federally funded equipment and the procedures to follow when an item is being reported as lost, stolen, damaged or destroyed.

4-3. Loaned Equipment

Equipment may be loaned to another sub-grantee. Equipment control management of items which are loaned remains with the "loaning" sub-grantee. Consequently, the sub-grantee should develop and complete an "Equipment Memorandum of Agreement (MOA) Form" which allows the sub-grantee of the "loaning" entity to maintain a record of such items and is acceptable to an auditor in documenting the location of items not physically present at the time of an audit.

Sub-grantees may also find this form useful in keeping track of items loaned as well as items "issued" for field use. If an item will be on loan long term, a permanent transfer may be a better alternative.

4-4. Transferred Equipment

Equipment may be transferred to another sub-grantee. The sub-grantee must maintain records of the transfer including all hand receipts. The transfer must include notifying the "receiving" sub-grantee its equipment control responsibilities. The sub-grantee must record the disposition of the transferred equipment on its equipment control records.

4-5. Surplus Equipment

Equipment in useful or serviceable condition, but surplus to actual need, can be transferred to another sub-grantee. The reuse of surplus equipment by other sub-grantees is encouraged.

Surplus computers used on homeland security projects should have their hard drives removed and destroyed. Otherwise, follow sub-grantee's surplus and disposal rules and regulations, and update inventory records appropriately.

V. EQUIPMENT SUBCOMMITTEE EQUIPMENT APPROVALS

5-1. Overview

The Committee on Homeland Security (CHS) created the Equipment Subcommittee to serve as the CHS resource for equipment standardization and inter-operability. The Equipment Subcommittee is composed of subject matter experts from different first response agencies around the state. It was established shortly after the creation of the federal Department of Homeland Security (DHS) and its initial grant awards to the states and territories. The Equipment Subcommittee reviews proposed procurement items to ensure statewide standardization, inter-operability and grant allowability.

5-2. Equipment Approval Requests

No equipment will be reimbursed without an approval by the CHS Equipment Subcommittee. The Equipment Approval Request (EAR) template provides an audit tracking mechanism to ensure the equipment conforms to grant program guidance for equipment and is allowable per the Responder Knowledge Database's (RKB) Authorized Equipment List (AEL).

5-3. Equipment Subcommittee Vetting Process

Submit an Equipment Approval Request (EAR) to the Equipment Program Manager at EMD to be added to the queue for the Equipment Subcommittee, which meets on the first Wednesday of each month. Equipment Subcommittee agendas are sent out to the members on the Monday before the meeting. All EARs must be received by noon on that Monday to make it onto the queue for the meeting. Equipment Subcommittee review/approval notifications will be provided within 48 hours by email from EMD / HLS.

Urgent requests will be processed through the Equipment Subcommittee via email vetting. This process typically takes one to two days but could take a week.

5-4. Equipment Subcommittee Appeal Process

Sub-grantees may appeal Equipment Subcommittee decisions back to the subcommittee for reconsideration. Sub-grantees can make their argument in writing or in person. The Equipment Subcommittee conforms to FEMA / DHS guidance. Lastly, sub-grantees may appeal Equipment Subcommittee decisions to the Committee on Homeland Security.

All appeals must be coordinated through the EMD Equipment Program Manager.

5-5. DHS Equipment Allowability Waivers

Contact the EMD / HLS Equipment Program Manager to appeal FEMA / DHS grant program guidance or Authorized Equipment List (AEL) allowability regarding equipment. Sub-grantees

must provide a compelling and cogent justification for the equipment to convince DHS to give sub-grantees a waiver and allow the purchase of non-allowable equipment with grant funds.

DHS requires Aviation and Watercraft equipment to be vetted through DHS to determine allowability on a case by case basis. Contact the EMD / HLS Equipment Program Manager for the DHS waiver template. DHS review is not limited to the airframe or vessel but to all equipment fixed (e.g. FLIR camera) or used (e.g. radio headsets) on an airframe or watercraft.

5-6. Local Equipment Match

For those FEMA / DHS grant programs that require a local match, equipment purchased by the sub-grantees with its match funds must be allowable per the AEL and vetted through the Equipment Subcommittee.

VI. WASHINGTON STATE AND FEDERAL GSA PURCHASING COOPERATIVES

6-1. Overview of Washington State GA purchasing cooperative

The Washington State Purchasing Cooperative consists of state agencies, political subdivisions and nonprofit organizations. General Administration (GA) uses the volume of co-op members' purchases and competitive procurement practices to secure vendor contracts with advantageous prices and terms.

Cooperative membership is open to any political subdivision of Washington State, including cities, counties, public utility districts, fire districts, etc. Non-profit organizations may also join, providing that they have prior registration with the Secretary of State as a nonprofit organization, a 501(C)3 tax status from the IRS and are receiving local, state, or federal funds either directly, or through a political subdivision.

6-2. Advantages of using the State Purchasing Co-op

The strength of state-wide purchasing power provides advantageous prices and terms. Additionally, the state purchasing co-op has performed all the federal and state competitive procurement requirements so sub-grantees do not have too. However, these contracts are frequently two-three years in length and it is possible for a vendor to violate federal regulations and get onto the exclusion list during the active period of the contract. If a dispute with a vendor develops, having used a State contract provides additional leverage as well as professional help from GA. Lastly, the Office of State Procurement is set-up to serve sub-grantees <http://www.ga.wa.gov/Purchase/index.html>.

Sub-grantees know what sub-grantees want and can take direct responsibility for the entire acquisition process. Nonetheless, Sub-grantees must still meet their local procurement requirements.

6-3. Overview of Federal GSA purchasing cooperative

U.S. General Services Administration (GSA) Schedules offer customers direct delivery of millions of state-of-the-art, high-quality commercial supplies and services at volume discount pricing. When using GSA Schedules, ordering activities have the opportunity to meet small business goals, while promoting compliance with various environmental and socioeconomic laws and regulations. Over 11 million commercial supplies (products) and services that can be

ordered directly from GSA Schedule contractors or through the GSA Advantage![®] online shopping and ordering system using state and local government issued credit cards.

Under the federal GSA Cooperative Purchasing Program, state and local government entities may purchase a variety of information technology (IT) products, software, and services from contracts awarded under GSA Federal Supply Schedule 70. State and local government entities may also purchase alarm and signal systems, facility management systems, firefighting and rescue equipment, law enforcement and security equipment, marine craft and related equipment, special purpose clothing, and related services from contracts awarded under GSA Federal Supply Schedule 84.

6-4. Advantages of using the GSA Cooperative Purchasing Program

Schedule contractors participating in the Cooperative Purchasing Program are identified in GSA eLibrary (formerly Schedules e-Library) with the Cooperative Purchasing icon. The Cooperative Purchasing Frequently Asked Questions (FAQs) provide information as to the statutory authorities for the program. The FAQs also explain how the Cooperative Purchasing Program actually works and the benefits it provides to Schedule contractors and state and local entities www.gsa.gov/cooperativepurchasing.

VII. EMD PURCHASE OF EQUIPMENT FOR SUB-GRANTEES

7-1. Overview

Occasionally, sub-grantee cash flow situations prevent making big ticket equipment purchases. Washington State Military Department, Emergency Management Division may make these purchases on behalf of the sub-grantee.

7-2. State Procurement on Behalf of Sub-grantee Process

Sub-grantees are required to formally ask EMD to purchase equipment on their behalf.

Sub-grantees must submit to EMD / HLS an equipment deobligation amendment with justification; an approved Equipment Approval Request (EAR) with the items to be purchased highlighted; a vendor quote specifying product numbers and quantities; a drop ship delivery address; and a completed EMD / HLS Equipment Purchase Request form.

Typically, a state procurement request takes 4-6 weeks to execute an amendment and purchase order. Delivery of the equipment is dependent upon vendor performance.

VIII. REFERENCES

Code of Federal Regulations Section 2 CFR 215 Grants and Agreements

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=0a89c0dff15ef3c952832f9286f7f0a8;rgn=div5;view=text;node=2%3A1.1.2.3.2;idno=2;cc=ecfr>

Code of Federal Regulations Section 2 CFR Part 225 Grants and Agreements

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=dcf166b3be8634f4116d8c3542751353;rgn=div5;view=text;node=2%3A1.1.2.3.6;idno=2;cc=ecfr>

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FEMA X Property Record Keeping Expectations with FEMA Grants

http://www.emd.wa.gov/grants/documents/FEMA_R10_Washington_Property_Letter_Sept-08.pdf

